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swene@law-msh.com  
Attorneys for Company

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ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

**BEFORE THE ARIZONA CORPORATION COMMISSION**

Arizona Corporation Commission

**DOCKETED**

AUG 29 2014

**COMMISSIONERS**

BOB STUMP, CHAIRMAN  
GARY PIERCE  
BRENDA BURNS  
SUSAN BITTER-SMITH  
BOB BURNS

DOCKETED BY

**APPLICATION OF NACO WATER  
COMPANY, LLC FOR A PERMANENT  
INCREASE TO ITS WATER RATES**

DOCKET NO: W-02860A-13-0399

**NOTICE OF FILING REJOINDER  
TESTIMONY**

Naco Water Company, L.L.C. ("Company" or "Naco"), hereby files rejoinder  
testimonies described below:

- Rejoinder Testimony of Matthew Rowell (*see* Attachment 1); and
- Rejoinder Testimony of Bonnie O'Connor (*see* Attachment 2).

////

////

////

1  
2 RESPECTFULLY SUBMITTED this 29<sup>th</sup> day of August, 2014.  
3

4 **MOYES SELLERS & HENDRICKS LTD.**

5   
6

7 Steve Wene  
8

9 Original and 13 copies of the foregoing  
10 filed this 29<sup>th</sup> day of August, 2014, with:

11 Docket Control  
12 Arizona Corporation Commission  
13 1200 West Washington  
14 Phoenix, Arizona 85007

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# **ATTACHMENT 1**

1                                   **BEFORE THE ARIZONA CORPORATION COMMISSION**

2

3

4    **COMMISSIONERS**

5    BOB STUMP, CHAIRMAN

6    GARY PIERCE

7    BRENDA BURNS

8    SUSAN BITTER-SMITH

9    BOB BURNS

10   **APPLICATION OF NACO WATER**

11   **COMPANY, LLC FOR A PERMANENT**

12   **INCREASE TO ITS WATER RATES**

DOCKET NO: W-02860A-13-0399

13

14                   **REJOINDER TESTIMONY**

15                   **OF MATTHEW ROWELL**

16

17

18    **I.     INTRODUCTION**

19

20    **Q.     Are you the same Matthew Rowell who provided testimony in support of the**

21    **rate application filed in this matter?**

22    **A.     Yes.**

23    **Q.     What is the purpose of this testimony?**

24    **A.     This testimony responds to Staff's surrebuttal testimony relating to rates. To be**

25    **clear, I am maintaining my position stated in both the application and the rebuttal unless**

26    **expressly revised by this testimony.**

27    **Q.     Did you prepare rejoinder schedules in support of your testimony?**

28    **A.     I am submitting one schedule discussed below. The schedules previously**

submitted are still current.

1 **II. RATE BASE**

2 **Q. As part of their Rate Base Adjustment No. 1, Staff continues to recommend**  
3 **that the Distribution Reservoirs and Standpipes account (Account 300) be divided**  
4 **into sub accounts for Storage Tanks (330.1) and Pressure Tanks (330.2). Please**  
5 **respond.**

6  
7 **A.** The Company continues to object to this requirement. As stated in my rebuttal  
8 testimony, the Company's current practice of maintaining one account has not led to any  
9 problems. Staff was able to effectively audit the Company's plant additions without the  
10 subaccount breakdown. In Naco's previous rate case, Staff did not object to the lack of a  
11 subaccount breakdown. Further, the Annual Report form and Rate Case Application  
12 form available on the Commission's website do not include the 330.1 and 330.2  
13 subaccounts. Whether or not to use these subaccounts should be left to the discretion of  
14 the Company's management. The Staff has not presented persuasive evidence to justify  
15 Naco being subjected to the subaccount requirement while other utilities are left to  
16 exercise their own discretion.

17  
18 **Q. The Staff continues to contend that the water trailer was counted twice. How**  
19 **do you respond?**

20  
21 **A.** The trailer was not counted twice. It was booked once as Transportation  
22 Equipment. Staff is relying on my statement in a May 8, 2014 email that "all of the Prop.  
23 Held for Future Use was applied to T&D mains in 2011 except for the \$32,885 for the  
24 well #4 rehab that went to Wells and Springs and \$330 that went to outside services."  
25  
26 However, the trailer was never included in Property Held for Future Use, so this  
27  
28

1 statement has no bearing on the disposition of the trailer. The trailer was included in  
2 Invoice 33327 from Tierra Dynamics. *See* Attachment 1. Invoice 33327 totaled  
3 \$84,395.47. The trailer made up \$6,720.74 of that amount and is shown on pages 7 and 8  
4 of invoice 33327. Attachment 2 to this testimony is a breakdown of the various  
5 components of the Property Held for Future Use account. The only amount on  
6 Attachment 2 from Invoice 33327 is the \$32,885 for Well 4 Rehab (highlighted in green  
7 on the attachment). In sum, the trailer was never included in Property Held for Future  
8 Use and my statement in the May 8, 2014 email about Property Held For Future Use has  
9 nothing to do with the trailer.  
10  
11  
12

13 **Q. What about Staff's statement that "The Sub-Ledger and invoices provided by**  
14 **the Company show that the cost of the trailer and the well No. 4 rehab were**  
15 **included in Property Held For Future Use."**  
16

17 **A.** Invoice 33327 (Attachment 1) contains no reference as to whether or not the trailer  
18 was booked to Property Held for Future Use. Further, a Sub-Ledger for the Property  
19 Held for Future use account was never provided to Staff. Attachment 3 to this testimony  
20 is the complete email chain leading to the May 8, 2014 email referenced above. The May  
21 8, 2014 email is clear; no Sub-Ledger for the plant Held for Future Use account exists.  
22 For these reasons, Staff's claim that the Sub-Ledger and invoices provided by the  
23 Company show that the cost of the trailer and the well No. 4 rehab were included in  
24 Property Held for Future Use should be afforded little weight.  
25  
26

27 **Q. Has the Company changed its position on Staff's Rate base Adjustment No. 2**  
28 **dealing with rate case expense and WIFA grant application expenses?**

1 A. No. Staff contends that charges on pages 10 through 12 of invoice 32307A pertain  
2 to costs of the 2006 rate case. However, reviewing those pages reveals only a small  
3 portion of those charges are directly attributable to the rate case. Also, the Company  
4 believes the WIFA Grant application costs were properly capitalized because they are  
5 costs associated with planning for infrastructure construction.  
6

### 7 **III. EXPENSE ADJUSTMENTS**

8  
9 **Q. How do you respond to Staff's recommendation that the Office Supplies and**  
10 **Expense Account and Outside Services Accounts be reclassified?**

11  
12 A. The Company continues to oppose this recommendation for the reasons stated in  
13 my Rebuttal Testimony. These two accounts are commonly used by utilities in Arizona.  
14 Both of these accounts are included on the Annual Report form and Short Form Rate  
15 Case application Staff makes available on its web page. Staff has not justified why Naco  
16 should be singled out for its use of these accounts while hundreds of other utilities use  
17 these accounts without comment from Staff. I have attached a sample WIFA invoice  
18 showing that the fees and interest are separate. *See Attachment 4.*  
19  
20

21 **Q. How do you respond to Staff's contention that the entire Combined Interest**  
22 **and Fee Rate ("CIFR") be treated as interest expense for this rate case?**

23  
24 A. Staff indicates that they spoke with WIFA's CFO, Ms. Patricia Incognito about  
25 this matter. I also spoke with Ms. Incognito. She did not have a specific opinion about  
26 the rate making treatment of the CIFR. I believe the Company's original position is  
27 correct. The CIFR is made up of two components: Interest and Fees. The interest should  
28 be treated as interest expense and the fees should be treated like other banking fees and

1 booked as Office Supplies and Expense.

2 **Q. How do you respond to Staff's rejection of the Company's revised Rate Case**  
3 **Expense?**

4  
5 **A.** Staff states that it is not reasonable to request a revised Rate Case Expense based  
6 on "the need to respond to Staff's discovery questions to *support the company's*  
7 *application.*"<sup>1</sup> This statement misrepresents the nature of Staff's discovery. Staff's  
8 discovery went far beyond what was needed to support the Company's application. The  
9 Company's application was based on its failure to ever attain the revenue requirement  
10 authorized in its previous rate case combined with expense levels that resulted in very  
11 limited free cash flow. These issues were not the subject of Staff's discovery.  
12

13  
14 There was a significant amount of plant placed in service after the test year that  
15 the Company did not seek to include in Plant in Service. This was specifically done to  
16 keep the rate case expense down. Yet the Staff asked a multitude of questions about this  
17 plant and decided to make it an issue in this rate case. Furthermore, Staff undertook an  
18 extensive reconstruction of Naco's plant accounting over the years since the last rate  
19 case. This endeavor was carried out by two different Staff members who acted  
20 independently. It resulted in numerous, and in many cases duplicative, data requests that  
21 required a significant amount of time from myself, Southwestern Utility Management  
22 personnel and Naco's attorney. Ultimately the plant adjustments recommended by Staff  
23 have almost no impact on the revenue requirement.  
24  
25  
26  
27  
28

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<sup>1</sup> Surrebuttal Testimony of Phan Tsan at 5 (emphasis added).



1 Thus, responding to Staff's data requests was not necessary "to support the  
2 company's application." The Company's revenue requirement request is not based on  
3 historical plant additions or on the post-test year plant. Responding to Staff's data  
4 requests was necessary only because Staff chose to include the post-test year plant that  
5 the Company did not ask for in this case and because Staff chose to conduct an  
6 exhaustive analysis of Naco's historical plant additions.  
7  
8

#### 9 **IV. Revenue Requirement**

10 **Q. If Staff's recommendations are adopted will the Company have sufficient free**  
11 **cash flow?**  
12

13 **A.** No. Staff's recommended revenue requirement is not sufficient to allow the  
14 necessary cash flow to fund the meter replacement and leak detection programs  
15 recommended by Staff. If the Company is required to undertake the meter replacement  
16 and leak detection programs recommended by Staff and is allowed Staff's recommended  
17 revenue requirement, its free cash flow will be only \$13,650 and the Company's before  
18 tax Debt Service Coverage Ratio will be only 1.24. This will put the Company  
19 dangerously close to violating WIFA's DSCR requirement, which is why this rate case  
20 had to be filed in the first place. See Attachment 5 (Rejoinder Schedule MJR 1,  
21 comparing the DSCR and free cash flow under Staff's and the Company's proposed  
22 revenues).  
23  
24  
25

26 **Q. Is the Company willing to undertake the meter replacement and leak**  
27 **detection programs?**  
28

**A.** These are decisions that should be left to the discretion of the Company's

1 management. The Commission should not assume the management role of the Company  
2 and order that specific tasks be undertaken. However, if the Company's proposed  
3 revenue requirement is adopted, the Company would commit to adopt the meter  
4 replacement program. The company's proposed revenue requirement allows enough cash  
5 flow to fund the meter replacement program while still leaving sufficient funds for  
6 contingencies. *See Attachment 5.*  
7  
8

9       It is not clear that the leak detection program would be cost effective. Completing  
10 the meter replacement program will allow the Company to assess the true extent of its  
11 water loss. At that point it may be determined that a leak detection program would be  
12 beneficial.  
13

14 **Q. Does this conclude your testimony?**

15 **A. Yes.**  
16  
17  
18  
19  
20  
21  
22  
23  
24  
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28

# **ATTACHMENT 1**



Integrated Environmental Services<sup>SM</sup>

Mr. Salim Dominguez  
c/o Southwest Utilities Management  
P.O. Box 85160  
Tucson, Arizona 85475

21 April 2008

**Re: Project Billing  
Naco Water Company**

Salim:

The enclosed invoice is for time and expenses expended for Naco Water Company. Amounts billed to each of the individual project tasks are labeled "Amount Due". The total amount invoiced is shown on the last page of the invoice and is labeled "Amount Due This Invoice".

Invoice No. 33327 is for task activities and expenses for the period from August 28, 2007 through April 18, 2008. These tasks include the following:

- Hydrogeologic Assessment
- Bisbee Junction Line Leak / System Reconnaissance
- Bisbee Junction - Engineer System Upgrades
- Bisbee Junction Well NWC-4 Rehab Evaluation
- Bisbee Junction Well NWC-4 Field Rehab
- Bisbee Junction Water Trailer Design and Delivery
- Phelps Dodge Negotiations
- Cochise County Highway Permitting

I look forward to working with you through the completion of this project. Please call me if you have any questions.

Best Regards,

A handwritten signature in black ink, appearing to read "K. Chris Miller", is written over a horizontal line.

K. Chris Miller, R.G.  
Senior Project Manager

Enclosure: Invoice 33327

**Offices Worldwide**

2222 West Parkside Lane, Suite 105  
Phoenix, Arizona 85027  
(602) 864-3887 / Fax (602) 864-3990

P.O. Box 531 / 32 Mill Road  
Westhampton Beach, New York 11978  
(631) 288-1112 / Fax (631) 288-5676

[www.tierradynamic.com](http://www.tierradynamic.com)

Rua A.P. Oriente, 360/C  
CEP 13830-000 Campinas-SP, Brasil  
(55) 19-3896-5110 / Fax 3896-5110



Integrated Environmental Services™  
PO Box 35188 / 2328 W. Royal Palm Road - Suite C  
Phoenix, Arizona 85069

Page 1 of 10

Invoice Date	Invoice Num
Apr 21, 2008	33327
Billing From	Billing To
Aug 28, 2007	Apr 18, 2008

SALIM DOMINGUEZ  
c/o SOUTHWEST UTILITY MANAGEMENT  
PO BOX 85160  
TUCSON AZ 85745

## INVOICE

Project ID: N1015:503

Manager: ERZ

Proj Name: HYDROGEOLOGIC ASSESSMENT (HA)

Date	Employee ID	Description	Units	Rate	Amount
------	-------------	-------------	-------	------	--------

**Services:**

**Reimbursable Expenses:**

8/28/2007	NC - COPY SERVICE / MAPS / AERIAL PHOTOGRAPHY	1.00	\$165.39	\$191.85
Total Expenses:				\$191.85

N1015:503 Amount Due: \$191.85

Project ID: N1015:504.10

Manager: ERZ

Proj Name: BJ LINE LEAK / SYSTEM RECON

Date	Employee ID	Description	Units	Rate	Amount
------	-------------	-------------	-------	------	--------

**Services:**

1/8/2008	DLM	CC 4-Staff Level - Field:	7.60	\$77.00	\$585.20
1/8/2008	DLM	CC 4 - Staff Level: Travel	4.65	\$77.00	\$358.05
1/9/2008	DLM	CC 4 - Staff Level: Travel	4.50	\$77.00	\$346.50
1/9/2008	DLM	CC 4-Staff Level - Field:	5.50	\$77.00	\$423.50
1/14/2008	DLM	CC 4-Staff Level - Post-Field:	1.50	\$77.00	\$115.50
2/13/2008	KCM	CC 2- Senior Level - Pre-Field:	1.50	\$111.00	\$166.50
2/14/2008	DLM	CC 4- Staff Level - Office/Reports:	1.75	\$79.00	\$138.25
2/14/2008	DLM	CC 4- Staff Level - Office/Reports:	0.25	\$79.00	\$19.75
2/14/2008	KCM	CC 2-Senior Level - Office:	1.00	\$108.00	\$108.00
2/15/2008	JEC	CC 3-Project Level - Office:	5.50	\$92.00	\$506.00
2/15/2008	DLM	CC 4- Staff Level - Pre-Field:	0.25	\$79.00	\$19.75
2/15/2008	DLM	CC 4- Staff Level - Office/Reports:	1.00	\$79.00	\$79.00
2/15/2008	KCM	CC 2-Senior Level - Pre-Field:	5.25	\$108.00	\$567.00

<b>Invoice Date</b>	<b>Invoice Num</b>
Apr 21, 2008	33327
<b>Billing From</b>	<b>Billing To</b>
Aug 28, 2007	Apr 18, 2008

SALIM DOMINGUEZ  
c/o SOUTHWEST UTILITY MANAGEMENT  
PO BOX 85160  
TUCSON AZ 85745

## INVOICE

2/18/2008	JEC	CC 3 - Project Level: Travel	3.75	\$92.00	\$345.00
2/18/2008	JEC	CC 3-Project Level - Field:	5.50	\$92.00	\$506.00
2/18/2008	DLM	CC 4 - Staff Level: Travel	3.75	\$77.00	\$288.75
2/18/2008	DLM	CC 4-Staff Level - Field:	5.50	\$77.00	\$423.50
2/18/2008	JEC	CC 3-Project Level - Pre-Field:	0.50	\$92.00	\$46.00
2/18/2008	DLM	CC 4-Staff Level - Pre-Field:	0.50	\$77.00	\$38.50
2/19/2008	DLM	CC 4-Staff Level - Field:	2.25	\$77.00	\$173.25
2/19/2008	DLM	CC 4 - Staff Level: Travel	4.00	\$77.00	\$308.00
2/19/2008	JEC	CC 3-Project Level - Post-Field:	0.50	\$92.00	\$46.00
2/19/2008	KCM	CC 2-Senior Level - Office:	1.00	\$108.00	\$108.00
2/19/2008	JEC	CC 3 - Project Level: Travel	4.00	\$92.00	\$368.00
2/28/2008	DLM	CC 4-Staff Level - Post-Field:	0.50	\$77.00	\$38.50

**Total Services:      \$6,122.50**

**Reimbursable Expenses:**

2/19/2008	CS 13- CONSULTANT SINGLE PERSON MILEAGE	245.00	\$0.41	\$100.45
2/19/2008	CS 13- CONSULTANT SINGLE PERSON MILEAGE	249.00	\$0.41	\$102.09
2/19/2008	CS 13- CONSULTANT SINGLE PERSON MILEAGE	33.00	\$0.41	\$13.53

**Total Expenses:      \$216.07**

N1015:504.10      Amount Due:      \$6,338.57 7

Project ID: N1015:504.11      Manager: ERZ

Proj Name: BJ ENGINEER SYSTEM UPGRADES

Date	Employee ID	Description	Units	Rate	Amount
<b><u>Services:</u></b>					
12/4/2007	JDK	CC 1-Principal Level - Office:	3.80	\$126.00	\$478.80
12/31/2007	JDK	CC 1-Principal Level - Office:	1.25	\$126.00	\$157.50
1/3/2008	DLM	CC 4-Staff Level - Pre-Field:	3.75	\$77.00	\$288.75
1/3/2008	JDK	CC 1-Principal Level - Office:	2.50	\$126.00	\$315.00
1/15/2008	JDK	CC 1-Principal Level - Office:	1.25	\$126.00	\$157.50
1/17/2008	JDK	CC 1-Principal Level - Office:	1.50	\$126.00	\$189.00
2/13/2008	DLM	CC 4- Staff Level - Office/Reports:	2.00	\$79.00	\$158.00
2/14/2008	DLM	CC 4- Staff Level - Office/Reports:	0.50	\$79.00	\$39.50
2/15/2008	JDK	CC 1-Principal Level - Office:	1.25	\$126.00	\$157.50
2/19/2008	JDK	CC 1-Principal Level - Office:	2.50	\$126.00	\$315.00
2/20/2008	JEC	CC 3-Project Level - Office:	6.50	\$92.00	\$598.00
2/20/2008	KCM	CC 2-Senior Level - Office:	2.00	\$108.00	\$216.00

<b>Invoice Date</b>	<b>Invoice Num</b>
Apr 21, 2008	33327
<b>Billing From</b>	<b>Billing To</b>
Aug 28, 2007	Apr 18, 2008

SALIM DOMINGUEZ  
c/o SOUTHWEST UTILITY MANAGEMENT  
PO BOX 85160  
TUCSON AZ 85745

## INVOICE

Date	Employee	Activity	Hours	Rate	Amount
2/21/2008	JEC	CC 3-Project Level - Office:	7.50	\$92.00	\$690.00
2/21/2008	KCM	CC 2-Senior Level - Office:	2.00	\$108.00	\$216.00
2/21/2008	JDK	CC 1-Principal Level - Office:	0.75	\$126.00	\$94.50
2/22/2008	JEC	CC 3-Project Level - Office:	6.00	\$92.00	\$552.00
2/27/2008	JEC	CC 3-Project Level - Office:	8.00	\$92.00	\$736.00
2/28/2008	DLM	CC 6-Technical Personnel - Office:	3.00	\$57.00	\$171.00
2/28/2008	KCM	CC 2-Senior Level - Office:	4.75	\$108.00	\$513.00
2/28/2008	JEC	CC 3-Project Level - Office:	7.50	\$92.00	\$690.00
2/29/2008	KCM	CC 2-Senior Level - Office:	3.00	\$108.00	\$324.00
2/29/2008	JEC	CC 3 - Project Level: Travel	4.00	\$92.00	\$368.00
2/29/2008	JEC	CC 3-Project Level - Pre-Field:	1.00	\$92.00	\$92.00
2/29/2008	KCM	CC 2 - Senior Level: Travel	4.00	\$108.00	\$432.00
2/29/2008	JDK	CC 1-Principal Level - Office:	3.00	\$126.00	\$378.00
2/29/2008	JEC	CC 4-Staff Level - Field:	3.00	\$77.00	\$231.00
2/29/2008	JDK	CC 1- Principal Level: Travel	4.00	\$126.00	\$504.00
3/5/2008	KCM	CC 2-Senior Level - Office:	1.00	\$108.00	\$108.00
3/6/2008	KCM	CC 2-Senior Level - Office:	0.25	\$108.00	\$27.00
3/7/2008	KCM	CC 2-Senior Level - Office:	0.50	\$108.00	\$54.00
3/10/2008	JEC	CC 3-Project Level - Office:	6.50	\$92.00	\$598.00
3/11/2008	JEC	CC 3-Project Level - Office:	6.00	\$92.00	\$552.00
3/11/2008	KCM	CC 2-Senior Level - Office:	3.25	\$108.00	\$351.00
3/12/2008	JEC	CC 3-Project Level - Office:	6.00	\$92.00	\$552.00
3/13/2008	KCM	CC 2-Senior Level - Office:	1.00	\$108.00	\$108.00
3/13/2008	JEC	CC 3-Project Level - Office:	8.50	\$92.00	\$782.00
3/13/2008	DLM	CC 6-Technical Personnel - Field:	1.00	\$57.00	\$57.00
3/13/2008	JEC	CC 3 - Project Level: Travel	0.75	\$92.00	\$69.00
3/14/2008	JEC	CC 3-Project Level - Office:	7.00	\$92.00	\$644.00
3/14/2008	DLM	CC 6-Technical Personnel - Office:	2.50	\$57.00	\$142.50
3/17/2008	DLM	CC 4-Staff Level - Pre-Field:	1.25	\$77.00	\$96.25
3/17/2008	JEC	CC 3-Project Level - Office:	7.50	\$92.00	\$690.00
3/17/2008	DLM	CC 6-Technical Personnel - Office:	3.00	\$57.00	\$171.00
3/18/2008	JEC	CC 3-Project Level - Office:	4.50	\$92.00	\$414.00
3/18/2008	DLM	CC 6-Technical Personnel - Office:	3.00	\$57.00	\$171.00
3/19/2008	JEC	CC 3-Project Level - Office:	3.50	\$92.00	\$322.00
3/19/2008	DLM	CC 6- Technical Level - Office/Reports:	1.50	\$58.00	\$87.00
3/20/2008	JEC	CC 3-Project Level - Office:	4.50	\$92.00	\$414.00
3/20/2008	DLM	CC 6- Technical Level - Office/Reports:	3.00	\$58.00	\$174.00
3/21/2008	DLM	CC 6-Technical Personnel - Office:	1.50	\$57.00	\$85.50
3/21/2008	JEC	CC 3-Project Level - Office:	1.50	\$92.00	\$138.00
3/24/2008	DLM	CC 6-Technical Personnel - Office:	1.50	\$57.00	\$85.50
3/24/2008	JEC	CC 3-Project Level - Office:	7.50	\$92.00	\$690.00
3/25/2008	DLM	CC 6-Technical Personnel - Office:	0.50	\$57.00	\$28.50
3/25/2008	JEC	CC 3-Project Level - Office:	8.00	\$92.00	\$736.00

Invoice Date	Invoice Num
Apr 21, 2008	33327
Billing From	Billing To
Aug 28, 2007	Apr 18, 2008

SALIM DOMINGUEZ  
c/o SOUTHWEST UTILITY MANAGEMENT  
PO BOX 85160  
TUCSON AZ 85745

# INVOICE

3/26/2008	JDK	CC 1-Principal Level - Office:	0.50	\$126.00	\$63.00
3/26/2008	KCM	CC 2-Senior Level - Office:	0.50	\$108.00	\$54.00
3/26/2008	JEC	CC 3-Project Level - Office:	7.00	\$92.00	\$644.00
3/27/2008	KCM	CC 2-Senior Level - Office:	0.75	\$108.00	\$81.00
3/27/2008	JEC	CC 3- Project Level - Office/Reports:	8.50	\$94.00	\$799.00
3/27/2008	DMR	CC 5-Field Level - Office:	3.50	\$65.00	\$227.50
3/28/2008	JEC	CC 3- Project Level - Office/Reports:	10.00	\$94.00	\$940.00
3/29/2008	DMR	CC 5-Field Level - Office:	4.00	\$65.00	\$260.00
3/30/2008	DMR	CC 5-Field Level - Office:	7.00	\$65.00	\$455.00
3/31/2008	JEC	CC 3-Project Level - Office:	9.50	\$92.00	\$874.00
3/31/2008	KCM	CC 2-Senior Level - Office:	1.50	\$108.00	\$162.00
3/31/2008	DLM	CC 6-Technical Personnel - Office:	8.00	\$57.00	\$456.00
4/1/2008	JDK	CC 1-Principal Level - Office:	3.50	\$126.00	\$441.00
4/1/2008	DMR	CC 6-Technical Personnel - Office:	4.50	\$57.00	\$256.50
4/1/2008	KCM	CC 2-Senior Level - Office:	3.00	\$108.00	\$324.00
4/1/2008	JEC	CC 3-Project Level - Office:	9.50	\$92.00	\$874.00
4/2/2008	DLM	CC 6-Technical Personnel - Office:	5.50	\$57.00	\$313.50
4/2/2008	KCM	CC 2-Senior Level - Office:	0.75	\$108.00	\$81.00
4/2/2008	JEC	CC 3-Project Level - Office:	7.00	\$92.00	\$644.00
4/8/2008	KCM	CC 2-Senior Level - Office:	2.00	\$108.00	\$216.00
4/14/2008	JEC	CC 3-Project Level - Office:	7.50	\$92.00	\$690.00
4/15/2008	JEC	CC 3-Project Level - Office:	4.00	\$92.00	\$368.00
4/15/2008	JEC	CC 3-Project Level - Field:	1.00	\$92.00	\$92.00
4/16/2008	JEC	CC 3-Project Level - Office:	9.00	\$92.00	\$828.00

Total Services: \$27,552.80

## Reimbursable Expenses:

1/8/2008	CC 13 - CONSULTANT MILEAGE RATE (ONE PERSON)	252.00	\$0.41	\$103.32
1/9/2008	CC 13 - CONSULTANT MILEAGE RATE (ONE PERSON)	266.00	\$0.41	\$109.06
2/20/2008	NC - LODGING	1.00	\$105.50	\$122.38 ?
2/20/2008	NC - LODGING	1.00	\$105.50	\$122.38 ?
3/13/2008	CS 13- CONSULTANT SINGLE PERSON MILEAGE	42.00	\$0.41	\$17.22
3/13/2008	NC - COPY SERVICE / MAPS / AERIAL PHOTOGRAPHY	1.00	\$6.34	\$7.35 ?
Total Expenses:				<u>\$481.71</u>

N1015:504.11

Amount Due:

\$28,034.51 P

Project ID: N1015:504.20

Manager: ERZ

Proj Name:

BJ WELL NWC-4 REHAB EVALUATION



## Invoice Date

Apr 21, 2008

## Invoice Num

33327

## Billing From

Aug 28, 2007

## Billing To

Apr 18, 2008

SALIM DOMINGUEZ  
c/o SOUTHWEST UTILITY MANAGEMENT  
PO BOX 85160  
TUCSON AZ 85745

# INVOICE

Date	Employee ID	Description	Units	Rate	Amount
<b>Services:</b>					
1/7/2008	JDK	CC 1-Principal Level - Office:	0.75	\$126.00	\$94.50
1/7/2008	KCM	CC 2- Senior Level - Office/Reports:	3.00	\$111.00	\$333.00
1/15/2008	KCM	CC 2- Senior Level - Office/Reports:	2.00	\$111.00	\$222.00
1/16/2008	KCM	CC 2- Senior Level - Office/Reports:	4.50	\$111.00	\$499.50
1/21/2008	RLG	CC 4-Staff Level - Post-Field:	1.00	\$77.00	\$77.00
1/22/2008	JDK	CC 1-Principal Level - Office:	1.50	\$126.00	\$189.00
1/22/2008	KCM	CC 2- Senior Level - Office/Reports:	4.75	\$111.00	\$527.25
3/5/2008	KCM	CC 2-Senior Level - Office:	1.00	\$108.00	\$108.00
3/6/2008	KCM	CC 2-Senior Level - Office:	3.75	\$108.00	\$405.00
3/7/2008	KCM	CC 2-Senior Level - Office:	3.00	\$108.00	\$324.00
3/10/2008	KCM	CC 2-Senior Level - Office:	4.00	\$108.00	\$432.00
3/11/2008	KCM	CC 2-Senior Level - Office:	1.00	\$108.00	\$108.00
3/13/2008	KCM	CC 2-Senior Level - Office:	3.25	\$108.00	\$351.00
<b>Total Services:</b>					<b>\$3,670.25</b>

N1015:504.20

Amount Due:

\$3,670.25 P

Project ID:

N1015:504.21

Manager:

ERZ

Proj Name:

BJ WELL NWC-4 FIELD REHAB

Date	Employee ID	Description	Units	Rate	Amount
<b>Services:</b>					
3/16/2008	KCM	CC 2-Senior Level - Pre-Field:	2.00	\$108.00	\$216.00
3/17/2008	KCM	CC 2 - Senior Level: Travel	4.50	\$108.00	\$486.00
3/18/2008	KCM	CC 2-Senior Level - Field:	11.50	\$108.00	\$1,242.00
3/19/2008	KCM	CC 2-Senior Level - Field:	9.75	\$108.00	\$1,053.00
3/20/2008	KCM	CC 2-Senior Level - Field:	10.00	\$108.00	\$1,080.00
3/20/2008	RLG	CC 4 - Staff Level: Travel	2.15	\$77.00	\$165.55
3/20/2008	RLG	CC 4-Staff Level - Field:	1.00	\$77.00	\$77.00
3/20/2008	CL	CC 5-Field Level - Field:	5.00	\$65.00	\$325.00
3/20/2008	KCM	CC 2 - Senior Level: Travel	4.50	\$108.00	\$486.00
3/21/2008	KCM	CC 2-Senior Level - Office:	1.00	\$108.00	\$108.00

## Invoice Date

Apr 21, 2008

## Invoice Num

33327

## Billing From

Aug 28, 2007

## Billing To

Apr 18, 2008

SALIM DOMINGUEZ  
c/o SOUTHWEST UTILITY MANAGEMENT  
PO BOX 85160  
TUCSON AZ 85745

# INVOICE

3/21/2008	CL	CC 5-Field Level - Field:	10.75	\$65.00	\$698.75
3/22/2008	CL	CC 5-Field Level - Field:	3.50	\$65.00	\$227.50
3/22/2008	CL	CC 5 - Field Level: Travel	4.50	\$65.00	\$292.50
3/24/2008	KCM	CC 2-Senior Level - Pre-Field:	2.50	\$108.00	\$270.00
3/24/2008	CL	CC 5 - Field Level: Travel	1.00	\$65.00	\$65.00
3/24/2008	CL	CC 5-Field Level - Post-Field:	2.00	\$65.00	\$130.00
3/24/2008	KCM	CC 2-Senior Level - Field:	4.50	\$108.00	\$486.00
3/24/2008	KCM	CC 2 - Senior Level: Travel	4.00	\$108.00	\$432.00
3/25/2008	KCM	CC 2-Senior Level - Field:	7.25	\$108.00	\$783.00
3/25/2008	KCM	CC 2 - Senior Level: Travel	4.00	\$108.00	\$432.00
3/26/2008	KCM	CC 2 - Senior Level: Travel	1.50	\$108.00	\$162.00
3/26/2008	KCM	CC 2-Senior Level - Post-Field:	1.00	\$108.00	\$108.00
4/1/2008	KCM	CC 2-Senior Level - Post-Field:	1.00	\$108.00	\$108.00
4/2/2008	KCM	CC 2-Senior Level - Post-Field:	3.50	\$108.00	\$378.00
4/3/2008	KCM	CC 2-Senior Level - Post-Field:	0.50	\$108.00	\$54.00
4/4/2008	KCM	CC 2-Senior Level - Post-Field:	1.25	\$108.00	\$135.00

Total Services: \$10,000.30

## Reimbursable Expenses:

1/23/2008	NC - RENTAL EQUIPMENT SUPPLIER	1.00	\$97.29	\$112.86
3/17/2008	CC 13 - CONSULTANT MILEAGE RATE (ONE PERSON)	293.00	\$0.41	\$120.13
3/17/2008	CC 16- FIELDWORK PER DIEM WITHOUT OVERNIGHT STAY	1.00	\$40.00	\$40.00
3/17/2008	NC - CELL PHONE (PER DAY)	1.00	\$15.00	\$15.00
3/18/2008	NC - PROJECT SUPPLIES	1.00	\$1,594.52	\$1,849.64
3/18/2008	NC - CELL PHONE (PER DAY)	1.00	\$15.00	\$15.00
3/18/2008	CC 13 - CONSULTANT MILEAGE RATE (ONE PERSON)	286.00	\$0.41	\$117.26
3/18/2008	CC 16- FIELDWORK PER DIEM WITHOUT OVERNIGHT STAY	1.00	\$40.00	\$40.00
3/19/2008	CC 16- FIELDWORK PER DIEM WITHOUT OVERNIGHT STAY	1.00	\$40.00	\$40.00
3/19/2008	NC - CELL PHONE (PER DAY)	1.00	\$15.00	\$15.00
3/20/2008	NC - LODGING	1.00	\$345.48	\$400.76
3/20/2008	NC - CELL PHONE (PER DAY)	1.00	\$15.00	\$15.00
3/20/2008	CC 16- FIELDWORK PER DIEM WITHOUT OVERNIGHT STAY	1.00	\$40.00	\$40.00
3/21/2008	NC - CELL PHONE (PER DAY)	1.00	\$15.00	\$15.00
3/21/2008	CC 16- FIELDWORK PER DIEM WITHOUT OVERNIGHT STAY	1.00	\$40.00	\$40.00
3/21/2008	CC 13 - CONSULTANT MILEAGE RATE (ONE PERSON)	50.00	\$0.41	\$20.50
3/21/2008	CC 16- FIELDWORK PER DIEM WITHOUT OVERNIGHT STAY	1.00	\$40.00	\$40.00
3/22/2008	CC 13 - CONSULTANT MILEAGE RATE (ONE PERSON)	228.00	\$0.41	\$93.48
3/22/2008	CC 13 - CONSULTANT MILEAGE RATE (ONE PERSON)	49.00	\$0.41	\$20.09
3/22/2008	CC 16- FIELDWORK PER DIEM WITHOUT OVERNIGHT STAY	1.00	\$40.00	\$40.00
3/22/2008	NC - CELL PHONE (PER DAY)	1.00	\$15.00	\$15.00
3/23/2008	NC - LODGING	1.00	\$72.18	\$83.73
3/24/2008	NC - CELL PHONE (PER DAY)	1.00	\$15.00	\$15.00

<b>Invoice Date</b>	<b>Invoice Num</b>
Apr 21, 2008	33327
<b>Billing From</b>	<b>Billing To</b>
Aug 28, 2007	Apr 18, 2008

SALIM DOMINGUEZ  
c/o SOUTHWEST UTILITY MANAGEMENT  
PO BOX 85160  
TUCSON AZ 85745

## INVOICE

3/24/2008	CC 13 - CONSULTANT MILEAGE RATE (ONE PERSON)	250.00	\$0.41	\$102.50
3/24/2008	NC - CONSUMABLES (PER DAY)	1.00	\$10.00	\$10.00
3/24/2008	CC 16- FIELDWORK PER DIEM WITHOUT OVERNIGHT STAY	1.00	\$40.00	\$40.00
3/25/2008	CC 16- FIELDWORK PER DIEM WITHOUT OVERNIGHT STAY	1.00	\$40.00	\$40.00
3/25/2008	CC 13 - CONSULTANT MILEAGE RATE (ONE PERSON)	250.00	\$0.41	\$102.50
3/25/2008	NC - LODGING	1.00	\$131.20	\$152.19
3/25/2008	NC - CELL PHONE (PER DAY)	1.00	\$15.00	\$15.00
3/25/2008	NC - CONSUMABLES (PER DAY)	1.00	\$10.00	\$10.00
3/26/2008	CC 13 - CONSULTANT MILEAGE RATE (ONE PERSON)	40.00	\$0.41	\$16.40
4/1/2008	NC - DRILLING SUBCONTRACTOR	1.00	\$16,545.00	\$19,192.20
<b>Total Expenses:</b>				<b>\$22,884.24</b>

Project ID: **N1015:504.30** Manager: **ERZ**

N1015:504.21 Amount Due: **\$32,884.54**

Proj Name: **BJ WATER TRAILER DESIGN - DELIVERY**

Date	Employee ID	Description	Units	Rate	Amount
<b>Services:</b>					
1/4/2008	DLM	CC 4-Staff Level - Office:	1.75	\$77.00	\$134.75
1/4/2008	KCM	CC 2- Senior Level - Office/Reports:	1.25	\$111.00	\$138.75
1/4/2008	JDK	CC 1-Principal Level - Office:	0.75	\$126.00	\$94.50
1/22/2008	DLM	CC 4- Staff Level - Office/Reports:	1.50	\$79.00	\$118.50
1/22/2008	JDK	CC 1-Principal Level - Office:	0.50	\$126.00	\$63.00
1/23/2008	KCM	CC 2- Senior Level - Office/Reports:	1.00	\$111.00	\$111.00
1/23/2008	JDK	CC 1-Principal Level - Office:	0.75	\$126.00	\$94.50
1/23/2008	JDK	CC 1-Principal Level - Office:	0.50	\$126.00	\$63.00
1/23/2008	DLM	CC 4- Staff Level - Office/Reports:	1.50	\$79.00	\$118.50
1/24/2008	JDK	CC 1-Principal Level - Office:	0.50	\$126.00	\$63.00
1/24/2008	DLM	CC 4- Staff Level - Travel:	2.00	\$79.00	\$158.00
1/24/2008	DLM	CC 4- Staff Level - Office/Reports:	1.00	\$79.00	\$79.00
1/24/2008	KCM	CC 2- Senior Level - Office/Reports:	0.75	\$111.00	\$83.25
1/28/2008	DLM	CC 4- Staff Level - Office/Reports:	2.00	\$79.00	\$158.00
1/28/2008	JEC	CC 3- Project Level - Office/Reports:	2.00	\$94.00	\$188.00
1/28/2008	KCM	CC 2- Senior Level - Office/Reports:	2.00	\$111.00	\$222.00
1/28/2008	JDK	CC 1-Principal Level - Office:	0.50	\$126.00	\$63.00
1/30/2008	KCM	CC 2- Senior Level - Office/Reports:	0.50	\$111.00	\$55.50
2/1/2008	DLM	CC 4- Staff Level - Office/Reports:	0.75	\$79.00	\$59.25
2/1/2008	JDK	CC 1-Principal Level - Office:	0.50	\$126.00	\$63.00

Invoice Date	Invoice Num
Apr 21, 2008	33327
Billing From	Billing To
Aug 28, 2007	Apr 18, 2008

SALIM DOMINGUEZ  
c/o SOUTHWEST UTILITY MANAGEMENT  
PO BOX 85160  
TUCSON AZ 85745

## INVOICE

2/1/2008	KCM	CC 2- Senior Level - Office/Reports:	0.50	\$111.00	\$55.50
2/4/2008	DLM	CC 4- Staff Level - Field:	1.25	\$79.00	\$98.75
2/4/2008	DLM	CC 4- Staff Level - Post-Field:	1.50	\$79.00	\$118.50
2/4/2008	DLM	CC 4- Staff Level - Travel:	0.50	\$79.00	\$39.50
2/4/2008	DLM	CC 4- Staff Level - Travel:	1.25	\$79.00	\$98.75
2/4/2008	JDK	CC 1-Principal Level - Office:	0.50	\$126.00	\$63.00
2/11/2008	KCM	CC 2-Senior Level - Office:	2.50	\$108.00	\$270.00
2/11/2008	DLM	CC 4- Staff Level - Pre-Field:	6.00	\$79.00	\$474.00
2/11/2008	JEC	CC 3-Project Level - Office:	1.00	\$92.00	\$92.00
2/11/2008	JDK	CC 1-Principal Level - Office:	2.25	\$126.00	\$283.50
2/12/2008	KCM	CC 2-Senior Level - Office:	3.00	\$108.00	\$324.00
2/12/2008	JEC	CC 3-Project Level - Office:	3.50	\$92.00	\$322.00
2/12/2008	DLM	CC 4- Staff Level - Travel:	4.50	\$79.00	\$355.50
2/12/2008	DLM	CC 4- Staff Level - Post-Field:	0.25	\$79.00	\$19.75
2/12/2008	JDK	CC 1-Principal Level - Office:	0.50	\$126.00	\$63.00
2/12/2008	DLM	CC 4- Staff Level - Field:	6.00	\$79.00	\$474.00
2/12/2008	RLG	CC 3- Project Level - Office/Reports:	0.50	\$94.00	\$47.00
2/12/2008	KCM	CC 2-Senior Level - Office:	1.50	\$108.00	\$162.00
2/12/2008	DLM	CC 4- Staff Level - Post-Field:	1.00	\$79.00	\$79.00
2/12/2008	DLM	CC 4- Staff Level - Pre-Field:	0.25	\$79.00	\$19.75
2/12/2008	DLM	CC 4- Staff Level - Travel:	4.75	\$79.00	\$375.25
2/13/2008	JEC	CC 3-Project Level - Office:	2.50	\$92.00	\$230.00
2/13/2008	DLM	CC 4- Staff Level - Post-Field:	2.25	\$79.00	\$177.75

Total Services: \$6,371.00

### Reimbursable Expenses:

2/4/2008	CC 13 - CONSULTANT MILEAGE RATE (ONE PERSON)	84.00	\$0.41	\$34.44
2/11/2008	CC 13 - CONSULTANT MILEAGE RATE (ONE PERSON)	66.00	\$0.41	\$27.06
2/12/2008	NC - MISCELLANEOUS SUBCONTRACTOR	1.00	\$7.50	\$8.70
2/12/2008	CC 13 - CONSULTANT MILEAGE RATE (ONE PERSON)	494.00	\$0.41	\$202.54
2/12/2008	NC - CELL PHONE (PER DAY)	1.00	\$15.00	\$15.00
2/12/2008	NC - CAMERA/FILM (PER EACH)	1.00	\$10.00	\$10.00
2/12/2008	CS 16- FIELDWORK PER DIEM WITHOUT OVERNIGHT STAY	1.00	\$42.00	\$42.00
2/12/2008	NC - CONSUMABLES (PER DAY)	1.00	\$10.00	\$10.00

Total Expenses: \$349.74

N1015:504.30      Amount Due: \$6,720.74

Project ID: N1015:508      Manager: ERZ

Proj Name: PHELPS DODGE NEGOTIATIONS

Invoice Date	Invoice Num
Apr 21, 2008	33327
Billing From	Billing To
Aug 28, 2007	Apr 18, 2008

SALIM DOMINGUEZ  
c/o SOUTHWEST UTILITY MANAGEMENT  
PO BOX 85160  
TUCSON AZ 85745

# INVOICE

Date	Employee ID	Description	Units	Rate	Amount
<b>Services:</b>					
12/19/2007	JDK	CC 1-Principal Level - Office:	3.75	\$126.00	\$472.50
1/7/2008	JDK	CC 1-Principal Level - Office:	0.75	\$126.00	\$94.50
1/8/2008	JDK	CC 1-Principal Level - Office:	0.50	\$126.00	\$63.00
1/10/2008	JDK	CC 1-Principal Level - Office:	0.50	\$126.00	\$63.00
1/18/2008	KCM	CC 2-Senior Level - Office:	3.75	\$108.00	\$405.00
1/20/2008	KCM	CC 2-Senior Level - Office:	2.00	\$108.00	\$216.00
1/21/2008	DLM	CC 4-Staff Level - Pre-Field:	0.75	\$77.00	\$57.75
1/21/2008	DLM	CC 4 - Staff Level: Travel	0.50	\$77.00	\$38.50
1/21/2008	DLM	CC 4-Staff Level - Field:	3.00	\$77.00	\$231.00
1/21/2008	KCM	CC 2-Senior Level - Office:	3.50	\$108.00	\$378.00
1/21/2008	MTL	CC 4-Staff Level - Office/Reports:	4.00	\$75.00	\$300.00
1/21/2008	DLM	CC 4 - Staff Level: Travel	0.50	\$77.00	\$38.50
1/21/2008	JDK	CC 1-Principal Level - Office:	4.50	\$126.00	\$567.00
1/23/2008	JDK	CC 1-Principal Level - Office:	0.75	\$126.00	\$94.50
1/28/2008	JDK	CC 1-Principal Level - Office:	2.75	\$126.00	\$346.50
1/28/2008	KCM	CC 2-Senior Level - Office:	1.00	\$108.00	\$108.00
1/28/2008	JDK	CC 1- Principal Level: Travel	3.50	\$126.00	\$441.00
1/29/2008	JDK	CC 1-Principal Level - Office:	3.75	\$126.00	\$472.50
1/29/2008	JDK	CC 1- Principal Level: Travel	3.50	\$126.00	\$441.00
1/31/2008	JDK	CC 1-Principal Level - Office:	0.75	\$126.00	\$94.50
1/31/2008	JDK	CC 1-Principal Level - Office:	0.75	\$126.00	\$94.50
2/5/2008	JDK	CC 1-Principal Level - Office:	1.50	\$126.00	\$189.00
2/14/2008	JDK	CC 1-Principal Level - Office:	0.75	\$126.00	\$94.50
3/5/2008	JDK	CC 1-Principal Level - Office:	2.50	\$126.00	\$315.00
3/28/2008	KCM	CC 2-Senior Level - Office:	3.25	\$108.00	\$351.00
4/11/2008	KCM	CC 2-Senior Level - Office:	0.75	\$108.00	\$81.00
<b>Total Services:</b>					<b>\$6,047.75</b>

## Reimbursable Expenses:

1/29/2008	CC 16- FIELDWORK PER DIEM WITHOUT OVERNIGHT STAY	1.00	\$40.00	\$40.00
1/29/2008	CC 13 - CONSULTANT MILEAGE RATE (ONE PERSON)	235.00	\$0.41	\$96.35
1/29/2008	NC - LODGING	1.00	\$135.48	\$135.48
<b>Total Expenses:</b>				<b>\$293.51</b>

N1015:508      Amount Due: **\$6,341.26**

Invoice Date	Invoice Num
Apr 21, 2008	33327
Billing From	Billing To
Aug 28, 2007	Apr 18, 2008

SALIM DOMINGUEZ  
c/o SOUTHWEST UTILITY MANAGEMENT  
PO BOX 85160  
TUCSON AZ 85745

# INVOICE

Project ID: **N1015:513** Manager: **ERZ** Proj Name: **COCHISE COUNTY HIGHWAY PERMITTING**

Date	Employee ID	Description	Units	Rate	Amount
<b>Services:</b>					
2/19/2008	JEC	CS 3- Project Level - Field	2.25	\$95.00	\$213.75
<b>Total Services:</b>					<b>\$213.75</b>

N1015:513 Amount Due: **\$213.75**

**Amount Due This Invoice: \$84,395.47**

This invoice is due in 30 days.

# **ATTACHMENT 2**

8:50 AM

03/28/14

Accrual Basis

# Naco Water Co. Transactions by Account All Transactions

Type	Date	Num	Name	Memo	Debit	Credit	Balance
103100 - Prop. Held Future Use							
Bill	11/15/2007		Tierra Dynamic	Inv #32307A	49,683.59		49,683.59
Bill	11/15/2007		Tierra Dynamic	Inv #32700	27,358.01		77,041.60
Bill	11/15/2007		Tierra Dynamic	Inv #32522	39,570.55		116,612.15
Check	02/20/2008	2059	Tierra Dynamic	Requisition #2 - WIFA project 920124-08	7,017.00		123,629.15
Bill	06/04/2008	80986	Dana Kepner	Bisbee Junction WIFA	53,896.30		177,525.45
Bill	06/24/2008	Inv #3	Tierra Dynamic	Planning	38,235.00		215,760.45
Bill	06/24/2008	Inv #3	Tierra Dynamic	Design & Engineering	13,275.47		229,035.92
Bill	06/24/2008	Inv #3	Tierra Dynamic	Well #4 Rehab	32,885.00		261,920.92
Check	06/30/2008	33496	Tierra Dynamic	Township mapping and engineering	17,046.94		278,967.86
Check	07/08/2008	2189	Arizona Land Specialists, Inc	Land Surveying - Wifa Project	2,500.00		281,467.86
Check	07/17/2008	2204	Cochise County Treasurer	Bisbee Junction - Wifa Project	1,650.90		283,118.76
Bill	07/23/2008	33386	Tierra Dynamic	Project ID N1015 02 New Meter mappin	22,053.19		305,171.95
Bill	08/08/2008	33538	Tierra Dynamic	Invoice # 33538 Billing from Jul 1-31 20	21,839.23		327,011.18
Bill	09/02/2008	1009	Lewis Development	Bisbee Junction = Distribution System U	751.91		327,763.09
Bill	09/12/2008	1011	Lewis Development	Phelps Dodge Negotiations	113,611.08		441,374.17
Bill	09/16/2008	33609	Tierra Dynamic	Bisbee Junction Line Replacement	1,868.65		443,242.82
Bill	09/16/2008	33610	Tierra Dynamic	Township Mapping & Engineering	19,820.64		463,063.46
Check	10/02/2008	2288	Arizona Land Specialists, Inc	Inv#W02372 - WIFA Bisbee Junction	9,825.00		472,888.46
Bill	10/10/2008	33680	Tierra Dynamic	Bisbee Junction Distribution	17,780.37		490,678.83
Bill	10/16/2008	1012	Lewis Development	Inv #1013 - Bisbee Junction Distribution	137,982.21		628,661.04
Bill	10/30/2008	1013	Lewis Development	Naco Project 08-1005	33,559.52		662,220.56
Bill	10/31/2008	81012	Dana Kepner	Supplies for Naco Project 08-1005	420.35		662,640.91
Bill	11/03/2008	38777 B	Desert Barricades	NACO PROJECT 08-1005	417.70		663,058.61
Bill	11/07/2008	Doug	First National Bank	Supplies Naco Project 08-1005	153.00		663,211.61
Bill	11/07/2008	43382	Sunstate Equipment	Supplies Naco Project 08-1005	174.33		663,385.94
Bill	11/07/2008	43430	Sunstate Equipment	Barricades w flasher/sign Naco Project 0	90.69		663,476.63
Bill	11/10/2008	38777 C	Desert Barricades	Class 300 Pipe PVC pipe lubricant Bisb	272.41		663,749.04
Bill	11/14/2008	81017	Dana Kepner	BJ install system upgrades	399.60		664,148.64
Bill	11/17/2008	33744	Tierra Dynamic	Reimbursement for supplies paid on cc	13,371.19		677,519.83
Bill	11/24/2008	Naco	Southwestern Utility Management, Inc	Bisbee Junction upgrades 2007 thru 2008	288.78		687,740.91
General Journal	12/01/2008	1014	Lewis Development	Plan review	9,932.30		697,673.21
Check	07/19/2011	5286				687,740.91	0.00
Check	12/13/2011	1883				330.00	330.00
General Journal	12/31/2011	7033	Cochise County Treasurer	At #1 year end 2011		688,070.91	0.00
Total 103100 - Prop. Held Future Use					330.00	688,070.91	0.00
TOTAL						688,070.91	0.00



# **ATTACHMENT 3**

Phan,

In response to your question about a sub-ledger for 2011 T&D Mains/Prop held for future use:

After spending some time researching this we have figured out the following: no sub-ledger that shows the split of these invoices exists. In fact, in spite of my previous email, all of the Prop. Held for Future Use was applied to T&D mains in 2011 except for the \$32,885 for the well #4 rehab that went to Wells and Springs and \$330 that went to outside services. The attached reconciles the PHFU amount (655,186) to the 2011 T&D mains amount (629,211.)

We will get back to you on the Well's and Springs question soon as well. Thanks.

Matt

**From:** Phan Tsan [<mailto:PTsan@azcc.gov>]  
**Sent:** Wednesday, May 07, 2014 10:53 AM  
**To:** 'Matthew Rowell'  
**Cc:** 'Steve Wene'; Matthew Laudone; Dorothy Hains; Bridget Humphrey  
**Subject:** RE: Naco Questions

Hi Matt,

Regards to Naco's response to DR PT4.1 and PT10.1, there is no projects related to Wells and Springs listed in response to PT4.1, but there is \$345,069 cost of Wells and Spring in company's response to PT10.1. Can you please explain? Was the \$345,069 cost of wells and spring paid by Freeport?

Thanks!

Phan.

**From:** Matthew Rowell [<mailto:mattrowell@cox.net>]  
**Sent:** Monday, May 05, 2014 12:37 PM  
**To:** Phan Tsan  
**Cc:** 'Steve Wene'; Matthew Laudone  
**Subject:** RE: Naco Questions

Phan,

Historically, Naco has not broken out DRS into the sub accounts. Going back and doing that now would be burdensome in itself and it would require several changes to the rate case application. In Naco's last rate case DRS was not broken out into the subaccounts and the Staff was OK with that (see page 32 of the attached surrebuttal testimony from 2006.) Since the application as it is now is consistent with NARUC and with the treatment in the last case, I don't think the significant work needed to break DRS into the subaccounts is necessary. Thanks.

Matt

**From:** Phan Tsan [<mailto:PTsan@azcc.gov>]  
**Sent:** Monday, May 05, 2014 11:05 AM  
**To:** 'Matthew Rowell'  
**Cc:** 'Steve Wene'; Matthew Laudone  
**Subject:** RE: Naco Questions

Matt,

For the \$137,711 of Distribution Reservoirs & Standpipes("DRS") listed on Schedule E-5 and the \$ 8,093 retirements( Naco's response to DH 9.1), what is the balance of Storage Tanks and what is the balance of Pressure Tanks? Please segregate them.

Thanks!

**From:** Matthew Rowell [<mailto:mattrowell@cox.net>]

**Sent:** Monday, May 05, 2014 9:43 AM

**To:** Phan Tsan

**Cc:** 'Steve Wene'; Matthew Laudone

**Subject:** RE: Naco Questions

I'll have to get back to you tomorrow on this.

**From:** Phan Tsan [<mailto:PTsan@azcc.gov>]

**Sent:** Friday, May 02, 2014 2:22 PM

**To:** 'Matthew Rowell'

**Cc:** Steve Wene; Matthew Laudone

**Subject:** RE: Naco Questions

Hi Matt,

Thanks for your response.

Can you please provide me 2011 transmission and distribution mains sub- ledger. The one that Naco provided before is "Prop.Held Future use". As you said, "The provided invoices are primarily associated with 2011 Transmission and Distribution Mains but they do include items that were booked elsewhere". I can't figure out what Naco classified as Distribution and transmission Mains, and what has already been included elsewhere. For example, when I reviewed the invoices, there are some projects named "new meter mapping", "service line installations" "well rehab" which I believe should not be included in that account. So, I believe it will be easy for me to trace those invoices with a sub-ledger. Thanks for your help.

Phan.

**From:** Matthew Rowell [<mailto:mattrowell@cox.net>]

**Sent:** Friday, May 02, 2014 1:56 PM

**To:** Phan Tsan

**Cc:** Steve Wene; Matthew Laudone

**Subject:** Naco Questions

Phan,

Bonnie asked that I reply to your questions from the other day. Our responses are below. Please do not contact Bonnie directly with these questions as she is very busy with other matters. It is much better if you send questions about the rate case either to Steve Wene or to me.

Hi Bonnie,

I have 2 questions that related to 2011 transmission & Distribution Mains, and wells & Spring. I thought I would receive a quick response from you by contacting you directly. However, if you want me to file a formal DR, I will be happy to do so.

Here is my questions:

*For 2011 Wells and Springs, regarding to Naco's response to Staff DR DH 6.2, the invoices from Tierra Dynamic showed that one of the projects is Water Trailer Design. Please explain why Water Trailer Design was included in 2011 wells and spring.*

The Trailer Design was **NOT** included in Wells and Springs. As was explained in response to Data Request DH 6.2, only the \$32,884.54 at page 7 of that invoice was included in Wells and Springs. Please note that the \$1,337 invoice that makes up the balance of the 2011 Wells and Springs additions was provided in response to Data Request DH 9.3a.

*Also, there is a \$7,798.39 "reimbursement for Trailer from Tierra Dynamic" was included in 2008 transportation. Are they same trailer? If no, please provide invoices from Tierra Dynamic to support the amount of \$7,798.39.*

Yes, they are the same trailer. The situation with the trailer was described in our response to Staff data request DH 9.3b.

*For 2011 Transmission and Distribution mains, couple invoices are for "2006 AZ Corporation Commission Rate Application " and "2008 wifa grant application", such as invoice no.32307A,32700,32922,33086. Why were 2006 rate case and grant application expenses included in 2011 Transmission and Distribution Mains?*

Not every entry on the provided invoices was booked in 2011 Transmission and Distribution Mains. Given the length and complexity of these invoices, many of them were split amongst various plant and expense accounts. The provided invoices are *primarily* associated with 2011 Transmission and Distribution Mains but they do include items that were booked elsewhere. Therefore it cannot be assumed that items that appear to be rate case expense were booked as 2011 Transmission and Distribution Mains.

Regarding invoice number 32307A from Tierra Dynamics dated October 16, 2006, at page 10 (of 15) of that invoice there is a \$138 charge for a 1.5 hour conference call on 3/15/2006 where WIFA financing and the ongoing rate case were discussed. The ACC Staff participated in this call as well. The entry immediately above the one for this conference call is for time spent replying to a request from the ACC Staff put directly to Tierra Dynamics in a phone call. So it is likely that the conference call where the rate case was discussed was prompted by the information request from ACC Staff. In any case, the conference call is **NOT** rate case expense. It did not include any actual work on a rate case. It is normal and appropriate for potential future ratemaking and financing impacts to be discussed before embarking on a large engineering project. This is especially the case when the ACC Staff is actively engaged in asking questions about the project.

Regarding invoice number 32700 from Tierra Dynamics dated December 31, 2006 at page 6 (of 6) there are \$925.25 that appear to be rate case expenses.

Regarding invoice 32922 from Tierra Dynamics dated September 24, 2007 at page 11 (of 13) there are \$1,507.90 that appear to be rate case expenses.

Regarding invoice 33086 dated December 13, 2007, the only mention of the ACC I see on this one is a \$66.50 charge on page 5 dated 11/29/2007 for, among other things, "RESEARCH ACC DOCUMENT FOR BUDGET INFO." This is not rate case expense.

I hope all this is helpful.

Matthew Rowell  
DMAS  
602 762 0100

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# **ATTACHMENT 4**

# Water Infrastructure Finance Authority

1110 West Washington Ste. 290 • Phoenix, AZ 85007



## Debt Service Invoice

Loan Number: 920124-08

Date: 8/15/2014

Bill To: Naco Water Company  
Attn: Bonnie OConnor  
P.O Box 85160  
Tucson, AZ 85754  
Fax: (520) -792-0377

boconnor@southwesternutility.com

Contact: Julie Flores  
Phone: (602) 364-1310  
Fax: (602) 364-1327  
E-mail: [jflores@azwifa.gov](mailto:jflores@azwifa.gov)

Date	Description	Amount	Additional	Balance
9/1/2014	Principal	\$1,999.91		\$1,999.91
	Interest	\$0.00		\$0.00
	Fee	\$2,340.75		\$2,340.75
	Debt Service Reserve	\$0.00		\$0.00
Total				\$4,340.66

REMINDER: PAYMENT WILL BE WITHDRAWN VIA ACH ON OR AFTER 9/1/2014

### Wire Information

Account Name:	WIFA Loan Collection Account
Account Number:	252-453614
Routing Number:	026009593
Reference Number:	920124-08
Amount Due:	\$4,340.66

### Notes:

"Arizona's Water and Wastewater Funding Source"

# **ATTACHMENT 5**



<b>Rejoinder Schedule MJR 1</b>
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<b>Cash Flow and Operating Margin</b>
---------------------------------------

	Company Test Year As Adjusted	Company Proposed Rebuttal	Company Proposed Rejoinder	Staff
Operating Revenue	\$ 255,089	\$ 306,330	\$ 306,330	\$ 287,231
Operating Expenses				
Operation and Maintenance	\$ 156,145	\$ 158,016	\$ 158,016	\$ 123,784
Depreciation	54,654	54,142	54,142	53,889
Property and Other Taxes	13,715	13,641	13,641	13,271
Income Tax	4,610	12,587	12,587	10,412
Total Operating Expense	\$ 229,124	\$ 238,387	\$ 238,387	\$ 201,356
Operating Income	\$ 25,964	\$ 67,943	\$ 67,943	\$ 85,875
Add Depreciation	54,654	54,142	54,142	53,889
Less Interest Expense	1,717	1,717	1,717	28,986
Less Principal Repayment	70,778	70,778	70,778	70,778
Less Capital Expenditures	-	-	16,800 1	26,350 2
Free Cash Flow	\$ 8,123	\$ 49,590	\$ 32,790	\$ 13,650
<b>DSC</b>				
Before Tax:	1.18	1.86	1.63	1.24
After Tax:	1.11	1.68	1.45	1.14
<b>Operating Margin</b>	10%	22%	22%	30%

1. Meter Replacement

2. Meter Replacement and Leak Detection

# **ATTACHMENT 2**

1                   **BEFORE THE ARIZONA CORPORATION COMMISSION**

2

3

4    **COMMISSIONERS**

5    BOB STUMP, CHAIRMAN

6    GARY PIERCE

7    BRENDA BURNS

8    SUSAN BITTER-SMITH

9    BOB BURNS

10   **APPLICATION OF NACO WATER**

11   **COMPANY, LLC FOR A PERMANENT**

12   **INCREASE TO ITS WATER RATES**

DOCKET NO: W-02860A-13-0399

13                   **REJOINDER TESTIMONY**

14                   **OF BONNIE O'CONNOR**

15   **Q.    Did you read Staff's Surrebuttal Testimony?**

16   **A.    Yes.**

17   **Q.    Please comment on Staff's Surrebuttal Testimony?**

18   **A.**Matt Rowell is addressing the testimony related to financial matters. I have

19   reviewed Rowell's testimony and agree with the positions stated. Unfortunately, Staff

20   offered no comments on the Company's position that the safety equipment at Well Site 3

21   is used and useful. Again, Staff's position is difficult to understand. As stated

22   previously, Naco operators should have access to safety equipment at the site where they

23   often work. As for the other issues, the Company has not changed any of its other

24   positions because Staff did not offer any further explanation for Company consideration.

25   **Q.    Does this conclude your testimony?**

26   **A.    Yes.**

27

28